



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

March 21, 2024

Utah State University – Disposition of Property

Board Policy [R704, *Disposition of Real Property*](#) requires the Board to approve disposal of institutional property valued at greater than \$1,000,000. Utah State University (USU) is informing the Board of the sale of property to the City of Logan for the development of a culinary water tank; see Exhibit A in the USU – Property Disposal Request Letter attachment.

The proposed 2.11 acres is a portion of 32.25 acres that was purchased in 1961 adjacent to Canyon Road. The terrain of the acreage is not usable without extensive excavation due to the steep slope contour. USU intended to use this property for a solar array, and as per the agreement with the City of Logan, the water tank will be constructed to support the solar panels.

The terms of the sale, including the purchase price of \$530,000, include several site improvements to the access road, seasonal maintenance, snow removal, site security, and other infrastructure improvements, all of which coincide with the USU Master Plan and will be shared improvements for both parties.

Utah State University's Board of Trustees approved the sale of the property on November 10, 2023, and the University is informing the Board of the property transaction.

Commissioner's Recommendation

This is an information item only; no action is required.

Attachments

USU – Property Disposal Request Letter

USU – Property Appraisal – City of Logan Water Tank



December 8, 2023

Interim Commissioner Geoffrey Landward
Utah System of Higher Education
Two Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: Reporting the Sale of Property

Dear Interim Commissioner Landward:

Following Utah System of Higher Education policy R704, Disposition of Real Property, Utah State University desires to report the sale of approximately 2.11 acres, adjacent to USU and Logan City substations, to the City of Logan for the development of a culinary water tank as illustrated in the attached Exhibit A.

The property being sold is a portion of 32.25 acres purchased in 1961, near the main Logan campus, adjacent to Canyon Road. A significant portion of the 2.11 acres has a steep slope and is not useable without excavation and construction of a large retaining wall. The anticipated future use of this property for USU would have been for a solar array which, per agreement with Logan City, will still be possible on top of the tank and the City will construct the tank in such a way that solar panels can then be installed at a future date.

The terms of the proposed sale, including a purchase price of \$530,000, are summarized in the correspondence from Logan City dated November 2, 2023, which is attached as Exhibit B. Selling this property to Logan City will provide the City with a much-needed location for a water tank that will serve Logan City residents and businesses. The purchase and sale agreement will be written to protect the interests of the University including institutional rights to access adjacent university property, utility systems, and roads.

Utah State University Board of Trustees approved the property disposition during the November 10, 2023 meeting.

We appreciate your support and request that this item be placed as an informational item on the next Board of Higher Education meeting agenda.

Sincerely,

A handwritten signature in black ink, appearing to read 'David T. Cowley'.

David T. Cowley
Vice President for Finance & Administrative Services

cc: Nate Talley, Chief Financial Officer
Malin Francis, Director of Facilities & Planning
Elizabeth R. Cantwell, President

EXHIBIT A



Mayor Holly H. Daines

November 2, 2023

President Elizabeth "Betsy" Cantwell
Attn: Dave Cowley
Via Email

Dear President Cantwell,

The purpose of this letter is to help explain Logan City's position regarding the purchase of property from Utah State University for the purpose of building a culinary water tank. Thank you again for your time to discuss this project and a willingness to find a solution that works for both parties to provide this needed infrastructure for our community.

As discussed, Logan City and USU staff have worked together to find a solution that addresses all the concerns that have been raised. Listed below is an abbreviated list of the items we have discussed and an update on each issue.

- 1- Logan City proposes to purchase the property from USU for fair market value as determined by the appraisal performed by USU. USU has offered purchase values for the property and easement areas as defined previously and Logan City agrees to those values. In addition, Logan City has offered to build, at no cost to USU, the access road to the site, improvements to Canyon Road, site security, and other infrastructure improvements, all of which coincide with the USU Master Plan and will be shared improvements for both parties. Logan City agrees to perform seasonal maintenance and snow removal on the access road as well. The tank will be built with additional structural integrity to accommodate a future USU solar array, should USU desire to install solar panels on the tank.
- 2- Logan City agrees to execute a Letter of Intent, signed by the Mayor, showing Logan City's support for the vacation of certain Rights of Way adjacent to USU's main campus. The Rights of Way are generally listed as Darwin Ave, 800 East from 700 North to 600 North, and 700 East from 400 North to 500 North. The Letter of Intent will leave the timing of such request for vacations to USU's discretion. The Letter of Intent cannot bind a future City Council to any action but will give support and justification for such action. The Rights of Way, as listed, equal a land area greater than that being purchased for the future water tank.
- 3- Logan City is committed to modifying current Electricity Rates and policies, in coordination with USU staff, in a way that allows USU to continue their energy conservation plans and goals. Specifically, Logan City has begun discussions with USU staff to ensure these rates and policies will allow for more solar energy capacity than is currently allowed under the existing policy. Logan City understands that these steps are necessary to assist USU in achieving their goals for carbon usage reduction. These modifications will require City Council approval and as such take time, but we are committed to expediting these discussions and changes.

As mentioned above, we appreciate the hours that USU staff and administration have dedicated

to finding an arrangement that allows for the sale of the property and construction of necessary infrastructure that not only benefits the greater Logan community but also Utah State University directly.

We also greatly appreciate the demonstrated support from yourself and the previous University President of this land purchase and partnering effort. We have enjoyed many partnering efforts in the past that have benefited both the City and University and anticipate many more in the years to come.

We look forward to discussing these items at the upcoming Board of Trustees meeting and are happy to make a brief presentation or answer questions as desired. Please don't hesitate to reach out to us with any questions as you consider this request and offer.

With gratitude,



Holly H. Daines
Mayor



May 16, 2023

Joseph Jenkins
USU Real Property Administration Director
Utah State University
1445 Old Main Hill
Logan, Utah 84322-1445

RE: Vacant Land - Water Tank Site
600 North 1600 East
Logan, Utah 84321

Dear Mr. Jenkins:

At your request, I have conducted an appraisal of the above referenced property. The purpose of the appraisal has been to estimate the current market value of the fee-simple estate. The intended use of the report is to assist with management decisions.

The attached report is a Restricted Appraisal Report, as defined by USPAP (please make reference to the Scope of Work section). In the body of the report are the data, analyses and opinions that were used to develop the single-most applicable approach to value. A final value estimate of \$530,000 (Five Hundred Thirty Thousand Dollars) is concluded for the subject as of May 13, 2023, the inspection date.

Based on talks with market participants, a base market rental rate of \$43,725 per year, triple net, is considered to be reasonable for the subject's water tank site, based on a land-lease factor of 8.25%.

The above value estimates are made with the following extraordinary assumptions:

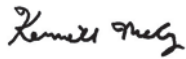
In this case, no formal legal descriptions were available for the subject. Per information provided by Joseph Jenkins of Utah State University, the above value estimates assume a rectangular water tank site of 92,045 square feet. The value estimates are subject to revision once formal legal descriptions become available.

The value estimates assume that the subject's water tank site has reasonable access from lands adjacent south toward Canyon Road. The value estimate is subject to revision should access be impaired.

I consider 3 to 6 months to be a reasonable marketing period for a property of this type.

Thank you for this assignment. Please contact me if you have any questions or if I can help in any way.

Respectfully submitted,



Kenneth C. McCoy, MAI

Utah State-Certified General Appraiser
5451905-CG00 Expires 8-31-24